

CLIFTON AIRPORT AUTHORITY

Annual Financial Report

For the Year Ended June 30, 2013

CLIFTON AIRPORT AUTHORITY

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FINANCIAL SECTION

JOHN R. POOLE, CPA
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Independent Auditor's Report

To the Board of the
Clifton Airport Authority
Clifton, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, and the major fund of the Clifton Airport Authority (a component unit of the City of Clifton) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting policies made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Clifton Airport Authority as of June 30, 2013, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The Supplementary Information, are presented for purposes of additional analysis andis not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2013 on the consideration of the Clifton Airport Authority's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

John R Poole, CPA

September 30, 2013

Clifton Airport Authority

Management's Discussion and Analysis

As management of the Clifton Airport Authority, (the Airport Authority) we offer readers of the Airport Authority's financial statements this narrative overview and analysis of the financial activities of the Airport Authority for the fiscal year ended June 30, 2013. The analysis focuses on significant financial position, revenues and expenses and specific issues related to funds and the economic factors affecting the Airport Authority. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Clifton Airport Authority exceeded its liabilities at the close of the most recent fiscal year by \$95,481. Of this amount, \$20,759 (unrestricted net position) may be used to meet the Airport Authority's ongoing obligations. The Airport Authority's total net position decreased by \$10,210 during the current year, primarily as a result of depreciation expense of \$15,081.

Overview of the Financial Statements:

The Statement of Net Position presents information on all the Airport Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airport Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Airport Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 8-13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14-19 of this report.

Financial Analysis of the Financial Statements

As noted earlier, net position may serve over time as a useful indicator of the Airport Authority's financial position. In the case of the Clifton Airport Authority, assets exceeded liabilities by \$95,481 at the close of the most recent fiscal year. By far the largest portion of the Airport Authority's assets reflects its investment in capital assets. The Airport Authority uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

Clifton Airport Authority's Net position - 2013

Current assets	\$	22,503
Capital assets, net		<u>271,571</u>
Total assets		<u>294,074</u>
Current liabilities		<u>198,593</u>
Net position:		
Net investment in capital assets		74,722
Unrestricted		<u>20,759</u>
Total net position	\$	<u>95,481</u>

Clifton Airport Authority's Net position - 2012

Current assets	\$	13,983
Capital assets, net		<u>271,731</u>
Total assets		<u>285,714</u>
Current liabilities		<u>180,023</u>
Net position:		
Net investment in capital assets		91,708
Unrestricted		<u>13,983</u>
Total net position	\$	<u>105,691</u>

At the end to the current fiscal year, the Airport Authority is able to report positive balances in all categories of net position.

Capital Asset

The Clifton Airport Authority's investment in capital assets at June 30, 2013, amounts to \$271,571 (net of accumulated depreciation). This investment in capital assets is in land, buildings and equipment.

Clifton Airport Authority's Capital Assets

	<u>2013</u>	<u>2012</u>
Land	47,113	47,113
Buildings and improvements	271,744	256,823
Equipment	<u>171,755</u>	<u>171,755</u>
Total	490,612	475,691
Less accumulated depreciation	<u>(219,041)</u>	<u>(203,960)</u>
Net Capital Assets	<u>271,571</u>	<u>271,731</u>

Additional information on the Clifton Airport Authority's capital assets can be found in the notes to the financial statements section of this report.

Debt

The Airport Authority has a line of credit (\$300,000 maximum) with an outstanding balance of \$196,849.

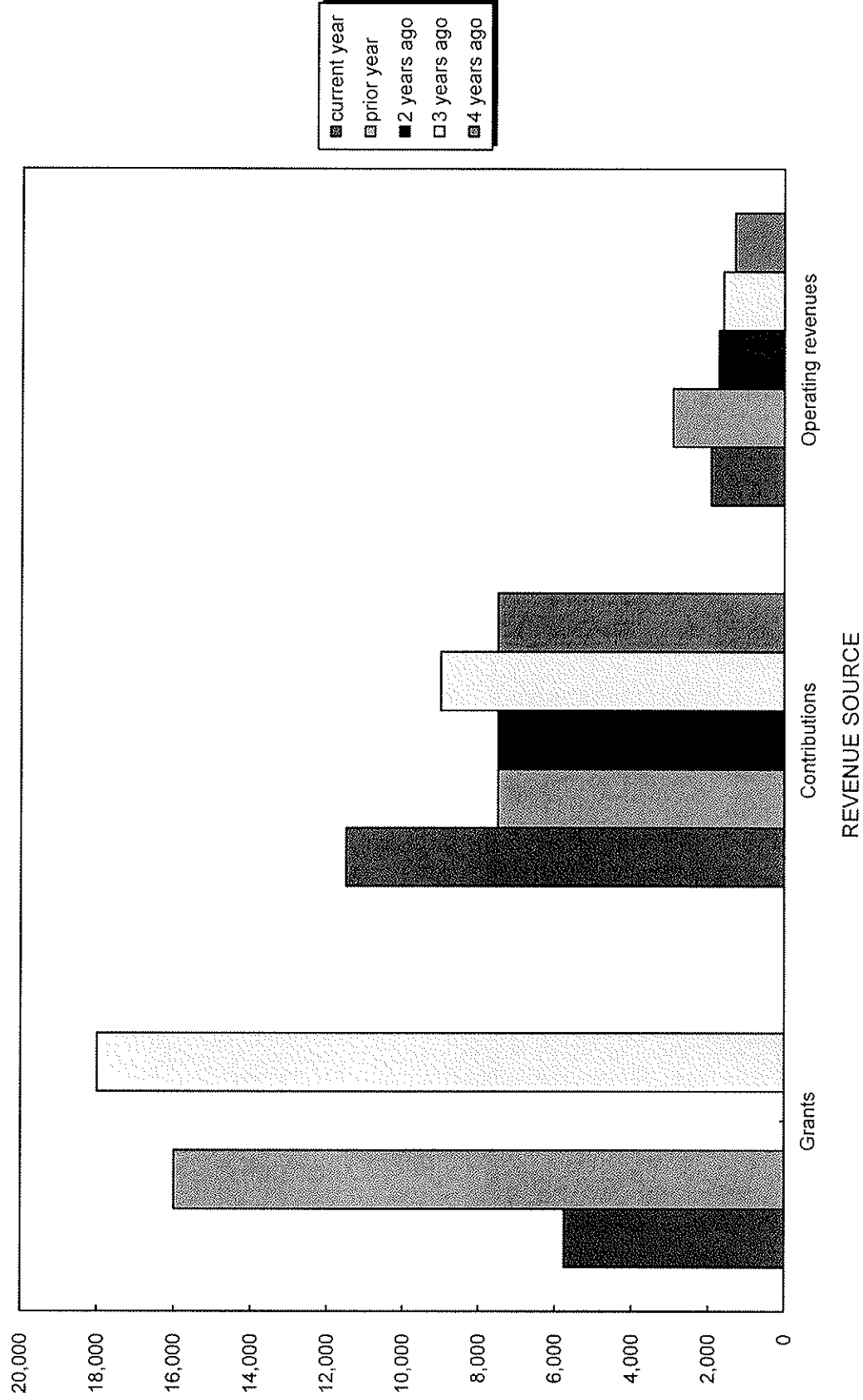
Requests for Information

This financial report is designed to provide a general overview of the Airport Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

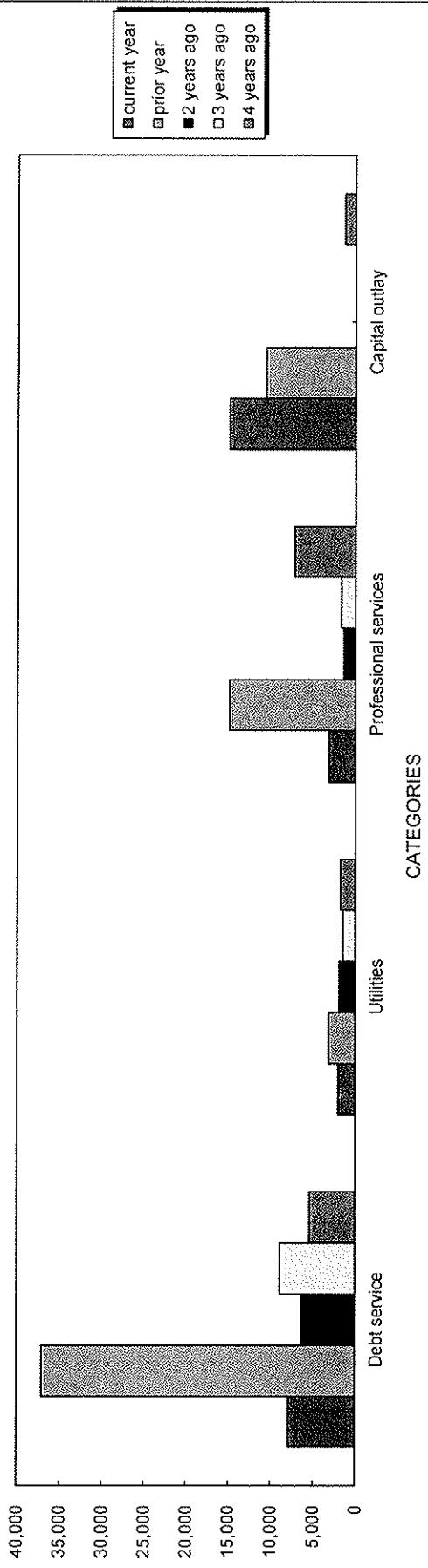
Clifton Airport Authority

CLIFTON AIRPORT AUTHORITY

GOVERNMENTAL FUND REVENUES



CLIFTON AIRPORT AUTHORITY GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

CLIFTON AIRPORT AUTHORITY

Statement of Net Position

June 30, 2013

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$22,503	\$22,503
Capital assets, not being depreciated	47,113	47,113
Capital assets, net of accumulated depreciation	224,458	224,458
Total Assets	<u>\$294,074</u>	<u>\$294,074</u>
<u>Liabilities</u>		
Accounts payable	1,744	1,744
Long term debt due within a year	196,849	196,849
Total Liabilities	<u>198,593</u>	<u>198,593</u>
Net Position:		
Net investment in capital assets	74,722	74,722
Unrestricted	20,759	20,759
Total Net Position	<u>\$95,481</u>	<u>\$95,481</u>

See accompanying notes to financial statements.

CLIFTON AIRPORT AUTHORITY

Statement of Activities

For the Year Ended June 30, 2013

<u>Function/Programs</u>	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u> Total
General government - Airport operations	29,397	1,925	11,500	5,762	(10,210)
Total Governmental Activities	<u>29,397</u>	<u>1,925</u>	<u>11,500</u>	<u>5,762</u>	<u>(10,210)</u>
General Revenues:					
	Miscellaneous		0		
	Total general revenues		0		
Changes in net position			(10,210)		
Net position - beginning of year			105,691		
Net position - ending of year			<u>95,481</u>		

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CLIFTON AIRPORT AUTHORITY

Balance Sheet

Governmental Fund

June 30, 2013

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$22,503
 Total Assets	 <u><u>\$22,503</u></u>
 <u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts payable	<u>1,744</u>
Total Liabilities	<u>1,744</u>
 Fund balance:	
Unassigned	<u>20,759</u>
Total Fund Balance	<u>20,759</u>
 Total Liabilities and Fund Balance	 <u><u>\$22,503</u></u>

CLIFTON AIRPORT AUTHORITY

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Government Activities**

June 30, 2013

Amounts reported for fund balance - total governmental funds	\$ 20,759
Amounts reported for governmental activities in the statement of net assets are different because:	
Investment in capital assets	271,571
Long-term debt	<u>(196,849)</u>
Net position of governmental activities	\$ <u><u>95,481</u></u>

CLIFTON AIRPORT AUTHORITY

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2013

	General Fund
Revenues:	
Intergovernmental- State of Tennessee -grants	5,762
Contribution from City and County	11,500
Operating revenues	1,925
Total Revenues	<u>19,187</u>
Expenditures:	
Current:	
Debt service	7,905
Utilities	2,059
Miscellaneous	1,181
Professional services	3,171
Capital outlay	14,921
Total Expenditures	<u>29,237</u>
Excess (deficiency) of revenues over expenditures	<u>(10,050)</u>
Other financing sources: loan proceeds	<u>16,826</u>
Change in fund balance	<u>6,776</u>
Fund Balance, Beginning of year	13,983
Fund Balance, End of year	<u>20,759</u>

See accompanying notes to financial statements.

CLIFTON AIRPORT AUTHORITY

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds:	\$ 6,776
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	14,921
Depreciation expense	(15,081)
Governmental funds revenues that increase long-term liabilities	
Loan proceeds	<u>(16,826)</u>
Change in net position of governmental activities	\$ <u><u>(10,210)</u></u>

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

The Clifton Airport Authority, (Airport) was created to oversee the operation, maintenance, and improvement of the Clifton Airport. The Board is governed by a Board of Directors. The Board has been delegated all the powers given by Tennessee Code Annotated 42-5-201 et seq. All significant activities and organizations on which the Board exercises financial accountability have been included in the financial statements for the year ended. The responsibility and accountability over all funds is vested in the Board. There are no component units of the Board. The Airport is a component unit of the Clifton Airport Authority, as the City exercises significant control over the activities of the Clifton Airport.

The accounting policies of the Clifton Airport Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

Governmental Accounting Standards Board (GASB) Statement Number 14, "The Financial Reporting Entity" requires that financial statements present the reporting entity which consists of the primary government and any "Component Unit" organizations for which the primary government is financially accountable and any other "Component Unit" organizations for which the nature and significance of their relationship with the primary government are such that exclusion, could cause the Airport's general purpose financial statements to be misleading. There were no component units requiring blended or discrete presentation under the requirements of GASB Statement Number 14.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Airport reports the following major fund:

General Fund - The General Fund is the general operating fund of the Airport. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking accounts and a money market account. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Airport uses committed, assigned then unassigned funds.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Airport as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated useful life in excess of three years. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the estimated useful lives using the straight line method.

The estimated useful lives are as follows:

Infrastructure	20-50 years
Land improvements	20 years
Buildings	40 years
Machinery and Equipment	20 years

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Budget and Budgetary Accounting

The Board informally adopts an annual budget for the General Fund. The informal annual budget for the General Fund sets forth total program expenditures (not annual) with estimated grant revenues from intergovernmental sources. The Board is not legally required to adopt a budget; therefore, no budget comparison is presented in these financial statements.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Airport's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

Financial instruments that potentially subject the Airport to significant concentrations of credit risk consist principally of cash and cash equivalents. The Airport places its cash with federally-insured financial institutions or institutions participating in the State collateral pool.

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The Airport implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Board approval (via vote) is required to establish, modify or rescind a fund balance requirement. Only by Board approval can fund balance amounts be classified as committed or assigned.

(2) Cash and Cash Equivalents

The Airport is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The Airport has deposit policies to minimize custodial credit risks. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the Airport and must total a minimum 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The Airport's deposits with financial institutions are fully insured or collateralized by securities held in the Airport's name.

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(3) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Land, buildings and improvements	303,936	14,921	-	318,857
Equipment	<u>171,755</u>	<u>-</u>	<u>-</u>	<u>171,755</u>
Total	<u>475,691</u>	<u>14,921</u>	<u>-</u>	<u>490,612</u>
Accumulated depreciation	<u>203,960</u>			<u>219,041</u>
Capital assets - net	<u>271,731</u>			<u>271,571</u>

All assets of the Airport except land of \$47,113 are being depreciated. Depreciation expense for the year was \$15,081.

(4) Long-Term Debt Payable and Other Obligations Payable

The following schedule reflects the changes in long-term debt, as shown in the General Obligation Debt during the fiscal year 2013.

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Capital Outlay Note:				
Capital Outlay - Airport	<u>180,023</u>	<u>16,826</u>	<u>-</u>	<u>196,849</u>

The Airport has a line of credit (\$300,000 maximum) that is being used to fund capital improvements.

(5) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has elected to obtain an insurance policy to transfer risk to a commercial insurance company. Insurance settlements have not been in excess of insurance coverage in any of the prior three years.

CLIFTON AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2013

(6) Commitments and Contingencies

Economic Dependency

The Airport obtains a substantial amount of funds from state and local governments. A significant reduction in the level of such support, if this were to occur, might affect the Airport's ability to carry out its programs and activities.

Litigation:

There are no pending lawsuits in which the Airport is involved.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

SUPPLEMENTAL INFORMATION

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

CLIFTON AIRPORT AUTHORITY

Schedule of State Financial Assistance

For the Year Ended June 30, 2013

CFDA Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2012	Grant Receipts	Deposits	Grant Expenditures	Receivable (Deferred) Balance June 30, 2013
State Program:								
N/A	AERO -10	Airport	State of Tennessee Department Transportation	1,610	7,372	0	5,762	0

**COMPLIANCE AND
INTERNAL CONTROL**

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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(615) 822-4177

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of the
Clifton Airport Authority
Clifton, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Clifton Airport Authority (a component unit of the City of Clifton) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Clifton Airport Authority's basic financial statements, and have issued a report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Clifton Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clifton Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Clifton Airport Authority's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2011-01 Lack of segregation of Duties).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below (2011-01) to be a material weakness.

The material weakness is as follows:

2011-01 Separation of Duties

Due to the limited number of personnel employed by the Airport Authority, several functions, which ideally should be performed by different individuals, are regularly performed by one or two persons. I recommend that the Airport Authority strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Management Response:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clifton Airport Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Clifton Airport Authority's response to the finding identified in the audit is described above. The Clifton Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John R Poole, CPA

September 30, 2013